



NZSUPERFUND

*Te Kaitiaki Tāhua Penihana
Kaumatua ō Aotearoa*

TITLE:

Monthly Performance and Portfolio Report – February 2014

AUTHOR:

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EVENT | PRESENTATION:

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Overview

The Fund returned 2.84% in February 2014. As at 28 February 2014 the Fund was worth \$25.52 billion.

| | As at 28 February 2014 (unaudited) |
|--|---|
| Fund size | \$25.52 billion |
| Value of NZ investments | \$3.6 billion or 17.56% of investments* |
| Return since inception (30 September 2003) | 9.57% p.a. |
| Last 5 years | 18.51% p.a. |
| Last 3 years | 13.81% p.a. |
| Last 12 months | 21.13% |
| February 2014 | 2.84% |

Because of its weighting to growth assets, the Fund can experience large short-term movements. As a long-term investor we have a greater-than-average ability to withstand this volatility. Shifts in value from month to month must be seen in the context of the Fund's long-term purpose and performance.

Fund returns are unaudited and calculated before NZ tax and after costs. We consider tax paid as a return to the Crown.

* The value given for NZ investments excludes cash and foreign exchange hedging instruments.

Performance summary

- The Fund measures its performance in two ways:
 - relative to the NZ 90 day Treasury Bill rate; and
 - relative to a passive [Reference Portfolio](#) benchmark.

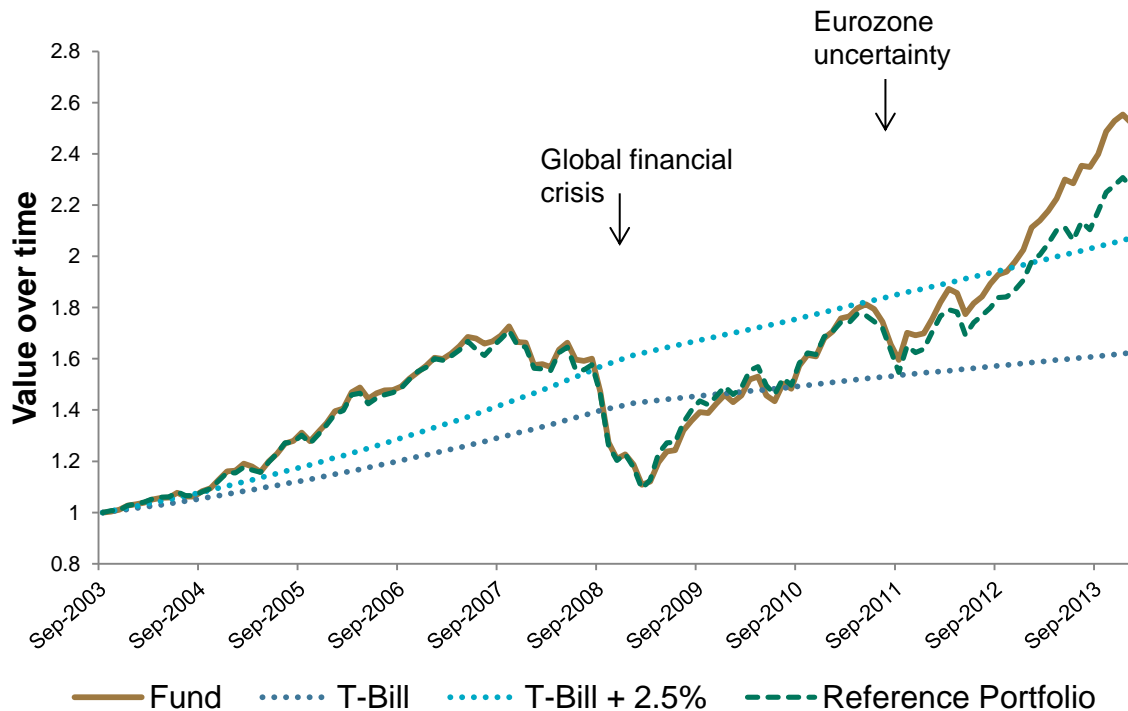
Given the investment risk of the Fund, over the long-term (rolling 20 year periods) we expect to exceed the New Zealand Treasury Bill rate by at least 2.5% p.a.

| Performance as at 28 February 2014 | February 2014 | Last 12 months | Last 3 years p.a. | Last 5 years p.a. | Since inception p.a. |
|---------------------------------------|---------------|-------------------|----------------------|----------------------|-------------------------|
| Actual Returns | 2.84% | 21.13% | 13.81% | 18.51% | 9.57% |
| Reference Portfolio Return | 3.34% | 16.91% | 10.41% | 16.48% | 8.53% |
| Treasury Bill rate | 0.20% | 2.38% | 2.45% | 2.59% | 4.78% |
| Treasury Bill rate + 2.5% | 0.38% | 4.88% | 4.95% | 5.09% | 7.28% |

- For further information:
 - [Full list of monthly Fund returns since inception](#)
 - [Previous monthly reports](#)

Performance since inception

This graph shows what has happened to the first dollar invested in the Fund over time.



Since inception the Guardians have added \$8.7 billion to the Fund, compared to the Treasury Bill rate.

Over the same period, as illustrated by the gap between the brown and green lines, the Guardians' active investment strategies have added an estimated \$2.5 billion in value to the Fund, compared to the passive [Reference Portfolio](#) benchmark.

Performance since inception

The Fund's long-term performance expectation is that it will beat the Treasury Bill rate by at least 2.5% (over rolling 20 year periods). Since inception, the Fund has exceeded the Treasury Bill rate by 4.79%.

| Performance as at 28 February 2014 | Since inception (30 September 2003) |
|--|-------------------------------------|
| Actual Fund return | 9.57% p.a. |
| NZ Treasury Bill return | 4.78% p.a. |
| Net Return (actual Fund return minus NZ Treasury Bill return) | 4.79% p.a. |
| Estimated \$ earned relative to NZ Treasury Bills | \$8.725 billion |
| Reference Portfolio return | 8.53% p.a. |
| Value added by active investment (actual Fund return minus Reference Portfolio return) | 1.05% p.a. |
| Estimated \$ earned relative to Reference Portfolio | \$2.460 billion |

Fund size breakdown

| | February 2014 | Last 12 months | Last 3 years | Last 5 years | Since inception |
|---|------------------------|------------------|------------------|------------------|------------------|
| Contributions received | \$0 billion | \$0 billion | \$0 billion | \$1.03 billion | \$14.88 billion |
| Returns (after fees and foreign tax, and before NZ tax) | \$0.64 billion | \$4.51 billion | \$8.49 billion | \$15.61 billion | \$14.20 billion |
| NZ tax (paid) / received* | \$0.00 billion | \$(1.00) billion | \$(1.98) billion | \$(2.24) billion | \$(3.57) billion |
| Other movements** | \$0.00 billion | \$0.01 billion | \$0.01 billion | \$(0.08) billion | \$0.01 billion |
| Closing Fund balance as at 28 February 2014 | \$25.52 billion | | | | |

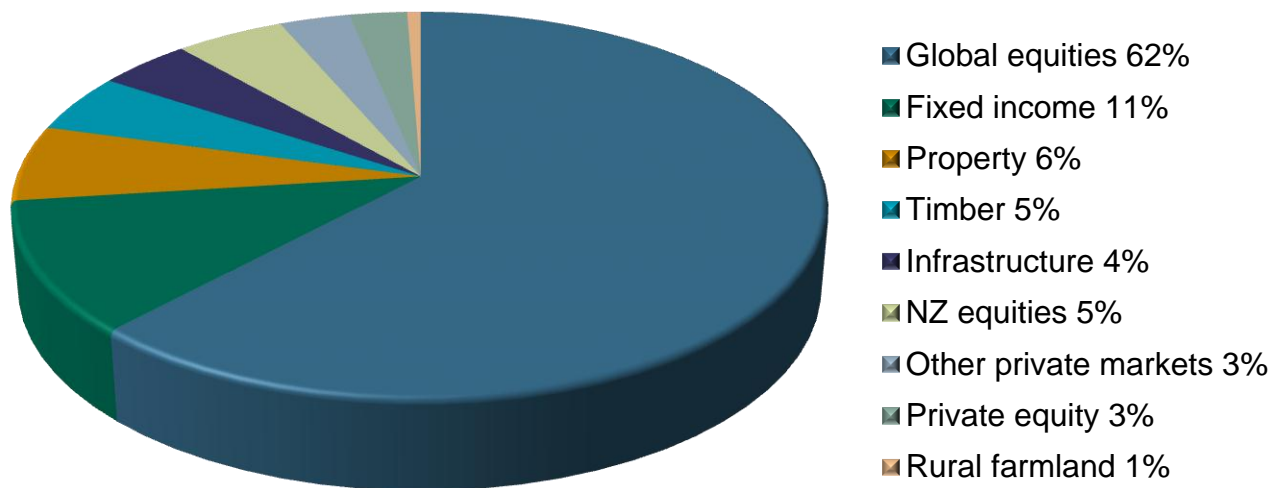
* Tax 'received' covers any instances of refunds for overpayment of tax

** Other movements relate to transactions other than tax paid or received e.g. tax expense, movements in reserves.

Asset class exposures

This graph shows the Fund's economic exposures as a % of Fund value (prior to the impact of any strategic tilting positions). For further information on how the Fund's capital is allocated and our strategic tilting activities see [How we Invest](#).

Asset class exposures as at 28/02/14



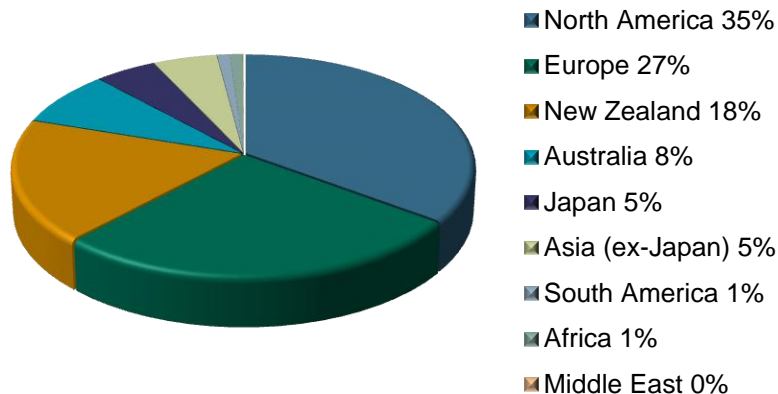
Where we invest

These graphs illustrate the Fund's investments by geographic region.

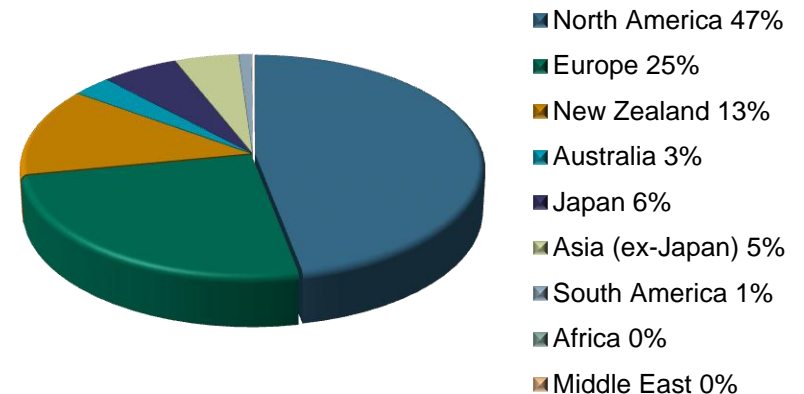
The left-hand analysis breaks down 'investments', as categorised in the statutory accounts, by their **value**, excluding foreign exchange hedging instruments such as FX contracts and cross currency swaps, plus investments in rural and forest land.

The right-hand analysis breaks down the Fund as a whole by economic **exposure**, again, excluding hedging instruments, as well as cash; collateral held to back derivative positions; and market neutral investments (e.g. arbitrage trades or hedge funds).

**Investments by value as at
28/02/14**



**Investments by economic
exposure as at 28/02/14**



Largest equity holdings as at 28/02/2014*

| NZ listed equities | Value \$NZm | % of Fund | International listed equities | Value \$NZm | % of Fund |
|-----------------------|----------------|-----------|-------------------------------|----------------|-----------|
| Z Energy | 308.0 | 1.2% | Zurich Airport | 85.2 | 0.3% |
| Metlifecare | 171.8 | 0.7% | Apple | 74.4 | 0.3% |
| Fletcher Building | 163.7 | 0.6% | Exxon Mobil | 71.8 | 0.3% |
| Telecom | 108.1 | 0.4% | Simon Property Group | 55.6 | 0.2% |
| Auckland Airport | 88.6 | 0.3% | Copenhagen Airport | 55.1 | 0.2% |
| Fisher & Paykel | 70.2 | 0.3% | Google | 51.6 | 0.2% |
| SKYCITY Entertainment | 55.1 | 0.2% | Microsoft | 47.5 | 0.2% |
| Contact Energy | 54.1 | 0.2% | AT & T | 46.2 | 0.2% |
| Xero | 48.0 | 0.2% | Nestle | 44.3 | 0.2% |
| Ryman Healthcare | 44.8 | 0.2% | Johnson & Johnson | 42.8 | 0.2% |

* A full list of the Fund's equity holdings is published annually: [see the 2013 list](#).

Substantial Security Holdings

A Substantial Security Holder (SSH) is a person with a relevant interest in 5% or more of the total voting securities of a public issuer. This table sets out the companies in which the Fund or related entities were Substantial Security Holders as at 28 February 2014.

| Date last SSH filing made | Security name | Percentage holding at date of filing | Exchange |
|---------------------------|--------------------|--------------------------------------|-------------|
| 25-Oct-2013 | Metlifecare | 19.90 | New Zealand |
| 7-Feb-2014 | Tower | 5.90 | New Zealand |
| 27-Feb-2014 | A2 Corporation | 5.01 | New Zealand |
| 27-Aug-2013 | Skellerup Holdings | 6.24 | New Zealand |
| 21-Aug-2013 | Z Energy | 20.00 | New Zealand |

Other news

- [NZ Super Fund increases stake in Bloom Energy](#)
- [IFSWF Secretariat to relocate to London](#)
- [North Island iwi join forces to buy into Kaingaroa Timberlands](#)